GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:998
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Collateral-Free Loans to MSME
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is intending to introduce collateral-free loans for Micro, Small and Medium Enterprises (MSMEs);
(b) if so the details thereof;
(c) whether the Government provides subsidy on interest on the loan being given to MSMEs for modernization of their machines;
(d) if so, the details thereof; and
(e) whether the said subsidy is being provided to enterprise establishments in all areas of the country or limited to the unites related to area and products only and if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b): The Government is implementing the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) to provide guarantee cover for collateral free credit facilities extended by member lending institutions to micro and small enterprises (MSEs) on loans up to Rs. 100 lakh per borrowing unit. The Scheme is implemented by the Credit Guarantee Trust for Micro and Small Enterprises through Member Lending Institutions (MLIs) since August, 2000.
(c) to (e): The following schemes are being implemented to provide subsidised loans to Micro, Small and Medium enterprises (MSMEs) at present:
I. Credit Linked Capital Subsidy Scheme (CLCSS) - The scheme was launched in the year 2000 for facilitating technology upgradation in specified products/sub-products. Presently, 51 products/sub-products are eligible for subsidy under which 15% capital subsidy subject to a ceiling of Rs. 15 lakh with the investment limit of Rs. 1 crore in eligible plant and machinery is extended to MSEs.
II. Technology Upgradation Fund Scheme for Textile and Jute Industries (TUFS) − The scheme was launched in the year 1999 aims to upgrade and modernize the Indian textile industry by encouraging units to undertake modern technological process.
III. Integrated Development of Leather Sector Scheme (IDLSS) − The scheme was launched in the year 2005 and has since been modified to include new units eligible for investment subsidy to the extent of 30% of cost of plant and machinery for MSME and 20% of plant and machinery for Non-MSME units, subject to a ceiling of Rs. 50 lakh for technology upgradation/modernization and/or expansion of existing units.
IV. Scheme for Technology Upgradation/Setting up/ Modernization/Expansion of Food Processing Industries (FPTUFS) − The scheme was launched in the year 2007 and is aimed at upgrading food processing capabilities of MSMEs. 25% capital investment grant for unit in SMEs sector in general area and 33% in specified difficult areas like North-East, J&K and Himachal Pradesh/Uttarakhand etc. with a ceiling of Rs. 50 lakh and 75 lakh respectively.
V. Technology and Quality Upgradation Support to MSMEs (TEQUP) Scheme − was launched in the year 2012 to focus on enhancing competitiveness of the MSMEs through Energy Efficiency and Product Quality Certification, reduction in emission of Green House Gas (GHG) by the MSMEs.
All schemes are in operation for the entire country.
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